You and your members are interested in important and diverse matters: storage capacity on farms, for example; the USDA-Tennessee Valley Authority soil conservation project launched in March; and efforts in farm safety.

A few years ago these concerns might have seemed like apples and oranges. But the truth is that today there is no such thing as unrelated agricultural issues.

Of course, these issues have a common element running through them--inflation--that binds all of us together by tempering many of our plans and ambitions and measuring our visions by real world economics.

Nevertheless, your concerns are well represented and are all brought together in our current package of farm policies.

You have a vital stake in the public debate on farm policy.

Public debate is a good way of putting it. Not only because the balance of rural to urban representatives in the Congress brings the non-rural influence directly into agricultural policymaking, but because the goal of this administration is to make food and agriculture policy work for all of the people of this country.

I'm here to tell you today that it is working.

Take one of the basic elements of our food and agriculture policy, for example: to better predict and better stabilize our food and fiber supply.

Remarks prepared for delivery by Secretary of Agriculture Bob Bergland, before the Farm & Industrial Equipment Institute board of directors, Washington, D.C., July 24, 1979

Since my own days as a farmer in Minnesota, I have believed firmly in one thing: farmers should control their own production and marketing.

When I came to head the Agriculture Department in January 1977, my goal was to build an agricultural policy in which farmers--not the vagaries of weather and not world politics--would call their own shots.

I wanted an agricultural policy based on planning, not reaction.

That's what we got in the farmer-held, farmer-owned grain reserve.

Prices are one indication of the success of the reserve.

In June 1977, when the reserve became effective, wheat was $2.03 per bushel. Last month, it averaged $3.73 per bushel.

And in June 1977, the average price for corn was $2.12 per bushel. It dropped even lower. But last month it was $2.47.

Between April 1977 and March 1979, farmers across the nation put 413 million bushels of wheat and 732 million bushels of corn in the farmer-owned reserve.

Since the wheat release level of $3.29 was reached May 16, and the corn release level of $2.50 was reached June 19, U.S. farmers have released 128 million bushels of wheat and 70 million bushels of corn to domestic and export markets.

We can't take credit, of course, for increased world market price levels. A world outlook shifting abruptly toward reduced supplies, due largely to bad weather in the Soviet Union and Eastern Europe, is responsible for those rising prices.

But this administration can--and does--take credit for building export demand right into the entire U.S. farm production system.

And we can--and do--take credit for the fact that this higher-priced grain is being sold by farmers, not the Commodity Credit Corporation, and not some speculator.

We have made flexibility a new kind of marketing tool.

We have given our farmers the freedom to make their own economic decisions, to take excess corn, wheat, and feed grains off the market when prices are low, and to step into export markets when they are to our advantage.

As a result, we are projecting that the value of U.S. agricultural exports will exceed $32 billion in 1979. That's 17 percent--or almost $5 billion--over last year's record of $27.3 billion.

Most of this growth will come from higher export prices. But we also expect some volume gains for several major commodities, including soybeans, feed grains, rice, and tobacco.

None of this--our soaring export growth or the farmer-owned reserve program behind that export growth--would have been possible without the program behind the farmer-owned reserve: farm facility loans.

The farm facility loan program has existed since 1949. But I felt that in many ways it had only existed and barely existed.

Because I believe that farmers should control their own production and marketing, I wanted to breathe some life into the farm facility loan program.

I got out the word when I first came to the department in 1977 that I wanted ideas--new ideas and fresh ideas--for liberalizing the program and encouraging farmers to build additional on-farm storage.

I got those ideas and I liked them and they were built into the Food and Agriculture Act of 1977:

o The down payment was reduced from 30 to 15 percent.

o The maximum loan amount was increased from $25,000 to $50,000.

The need determination was increased from one year to two years.

o And the finance charge was based on the cost to the CCC of borrowing money from the U.S. Treasury.

Because of this last provision in the law, last March we increased the interest rate on farm storage facility loans from 7 percent to 10.5 percent. The cost of money to the government had been increasing since April 1977 when the 7 percent rate went into effect. It had exceeded 10 percent for several months and reached 10.5 percent in February 1979.

Despite the increased interest rate, the loan program remains one of this administration's success stories.

Consider these figures:

o 25 percent of the total number of loans dispersed under this program since it began in 1949 were made between April 1977 and May 1979.

o 56 percent of the total dollar expenditures made since 1949 were made in the past two years--or $1.3 billion out of a total of $2.3 billion.

o And 38 percent--or 1.5 billion bushels--of the on-farm storage of grain under the program since its beginning has taken place in the last two years.

I consider this a success story and an ongoing one. Compare this year's statistics with last year's record. Through June in this fiscal year, we had dispersed 55,477 new loans valued at $548 million. During the same period last year, we had dispersed 47,975 new loans valued at $419 million.

As of June, 570 million bushels of grain had been stored under the program, compared to 491 million bushels during the same period last year.

We are approaching $750 million in loans each year, compared to just a few million before the terms of the program were liberalized in 1977.

I do not mean to dismiss the effect of the increased interest rate.

We got far more dollars out at the 7 percent rate than we'll ever get out at 10.5 percent. The number of new applications is down, but not to an extent that will jeopardize the future of the program.

I assure you that the program is strong, healthy, important, and moving with the future. As evidence, let me cite the fact that in May we authorized loans to producers for financing solar drying systems under the same terms and conditions as other farm facility loans. We want to encourage solar use as an alternate source of energy for drying grain.

The hard, economic fact of life today is that interest rates are a highly important mechanism for controlling inflation.

I can't tell you that this increase won't affect the pocketbooks of farmers and the members of the Farm and Industrial Equipment Institute. It may, and we all know it. But as President Carter has stated repeatedly, controlling inflation is everyone's business.

Sacrifice must be universal or it will be useless.

Robert Samuelson, who writes for the National Journal, put it this way: "Inflation will not slow without pain. Most of us regard ourselves as inflation's victims, not its cause, but cause and effect are intertwined."

Where we in USDA see our programs as contributing to inflation, we are cutting back expenditures without a corresponding slice into effectiveness or the goals of this administration.

To make the effort effective, we must ask state and local government and the private sector for cooperation, innovation, and voluntary action to lick this pernicious problem.

Last March, I joined chairman David Freeman of the Tennessee Valley Authority in signing a cooperative agreement in Dyer, Tennessee, for three reasons.

I am concerned about the 21 counties of western Tennessee, where the soil is highly productive but perhaps the most severely erosive in the nation.

I regard this project--where annual soil losses are estimated at six to eight times the national average--as a prototype for the country.

In the larger scheme of things, I see the Tennessee project as the type of effort vital to fulfilling a second element of our farm policy: to provide a natural resource base to ensure food and fiber for future generations.

With a national average soil erosion rate that is now above the "acceptable" level of 4 tons per year, this nation's natural resource base is being washed downstream--and with it an ensured productive and abundant future for our children.

We cannot afford an intermittent approach to soil conservation. If our attack is not steady, it is nothing.

If we can attack the problem in western Tennessee--and attack it with the burden of dependence not on the federal government but on state, local and private initiatives--we can attack it anywhere in the nation.

These must be more than exercises to demonstrate that effective management and conservation practices can eliminate erosion, improve water quality, and save fuel, while maintaining agricultural productivity.

We are looking to Tennessee to lead us in voluntary conservation practices, to prove to us that financially prudent and cooperative efforts--support and cost-sharing by federal and state governments, local education, farming equipment designed so that conservation is a built-in standard feature, and conservation efforts by citizens on their own land--can put us as a nation back on course with conservation.

For these reasons I was pleased to learn that your Tillage Equipment Council will meet in Tennessee in November to examine the USDA-TVA project.

Education, fresh ideas, and innovation are first among the many resources needed to combat soil erosion.

These resources are no less needed in the area of farm safety.

I want to go on record here and now as applauding and supporting your leadership in farm safety.

Certainly the farm equipment manufacturers of America can take substantial credit for making American agriculture great. But the push toward "bigger and better" can become a death warrant if it is not matched with "safer."

I've been there, and I know. I've been a farmer and I know the devastation of farm accidents. When I started farming in 1950, I had two tractors--one with 26-horsepower and another with 41-horsepower. After I'd been farming one year, I traded off one of the tractors for a 45-horsepower diesel. Then in 1962 we bought an extra chunk of land, making 600 acres, and I traded the diesel in for a 75-horsepower tractor. My son-in-law now works that same 600 acres, and he has one tractor that's 180-horsepower and one that's 90. He can tend to the field work in about 15 days in the springtime, about 25 days in the fall, and he uses days in between for spraying and other duties.

I tell you this because I want you to know that the explosion in horsepower and resulting growth in the capacity of American agriculture has made a difference in the case of the Bergland family.

One of the hardest parts of this job is separating my own sympathies, concerns, and interests from my responsibilities as a manager. I know that the Institute is concerned that USDA hold the million-dollar line in the 1981 budget.

We worked hard at developing a lean and austere 1980 budget that reflects the President's inflation goals and his commitment that the federal government would lead the fight against inflation.

Although many people felt the President's goal of cutting the federal deficit to $30 billion was too ambitious, the budget that the President submitted to the Congress actually exceeded that goal. The projected deficit of $28.7 billion is less than half of what it was in 1976.

I recognize the importance of the farm safety leader program, as I recognize the legitimate importance of every item in the budget.

The 1981 budget is still in a very preliminary stage. There are no guarantees to be made about any programs at this time.

I can only assure you that farm safety will be considered along with all of the programs of the Science and Education Administration when our budget board meets this month and next to consider the 1981 budget. I can also promise you that we will be as careful in 1981 as we were in 1980. For the sake of the nation, we must be.

Farm accidents can be more effectively prevented through education than regulation. I have no intention of letting limited resources negate the important accomplishments already made.

Those accomplishments are documented.

Last year, for example, the State Compensation Insurance Fund of California returned a premium dividend of over $5 million under a group policy covering one-third of California farms.

You have the support of the administration in this important work. In his proclamation designating the week starting tomorrow as National Farm Safety Week, President Carter urges "all who live and work on the nation's farms and ranches to employ every needed safety precaution and practice."

He also asks, "those who serve agricultural producers to support their accident-reducing efforts by providing encouragement and educational aids."

The Farm and Industrial Equipment Institute is a leader in developing safety measures, from rollover bars and power take-off shields, to improving the instruments on tractors and equipment and reducing engine noise by making cabs soundproof.

Farm safety is perhaps the most fundamental, yet least measurable, of farm programs. As I mentioned earlier, we are committed in USDA to ensuring a natural resource base for future generations. What work is more important than ensuring the health and safety of our most important resource--our own people? Yet how do we conduct a cost-benefit analysis of a human life?

Although there is no way to measure the priceless, we must regard farm safety, like all other programs, in terms of dollars and cents.

And in this time of budgetary and personnel constraint, we must look to you in the private sector for your continuing support--financial and creative--in building on the progress already made.

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